



Jack Scott, Chair
Bob Margett
Joe Simitian

AGENDA

May 18, 2005

10:00 a.m. – Room 113

Page

I. HIGHER EDUCATION

1

II. DEPARTMENT OF EDUCATION / SECRETARY FOR EDUCATION

A. Enrollment Growth	7
B. Cost-of-Living Increases (COLAs)	8
C. Deferred Maintenance	9
D. Governor's New or Expanded Programs – One-Time Funds	10
E. Accountability	17
F. Assessment	19
G. Data Systems	21
H. Governor's Proposed Program Reductions	23
I. Charter Schools Block Grant	26
J. New or Expanded Programs – Prop 98 Reversions	27
K. Governor's Initiative to Turn Around Low Performing Schools	30
L. Office of the Secretary for Education	31

III. CONSENT

33

I. HIGHER EDUCATION

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6440-001-0001 University of California	<i>January Budget:</i> Support for Student Academic Preparation (outreach) programs	Governor's Budget calls for a \$17.3 million reduction targeted at either academic preparation programs or enrollment growth.	Augment, by \$17.3 million, and adopt Budget Bill Language specifying (1) amount to be expended on programs and (2) requiring the UC to report detailed information on the outcomes of the programs (language attached).	BBL, per attached #3	17,300	Legislative Staff, Administration representatives, and the UC have been working to develop an accountability framework for student academic outreach programs in order to remedy Administration and Legislative concerns regarding the effectiveness and efficiency of the programs. In accordance with this new accountability "framework" staff recommends that the committee adopt the proposed augmentation and accompanying provisional language.
6440-001-0001	<i>January Budget:</i> Research on Labor Studies	Governor's Budget eliminates funding for research related to labor studies (\$3.8 million).	Augment by \$3.8 million.	No	3,800	Reduction represents a cut by the Administration based solely on ideology of research.

6440-001-0001	January Budget: Increased Enrollments in Medical Schools (PRIME-LC)	Governor's Budget provides \$300,000 to increase enrollments in medical school programs. Specifically, funding is provided for the Program in Medical Education - for the Latino Community (PRIME-LC) at UC Irvine. Funding covers additional marginal cost of instruction rate for medical education.	Approve as Budgeted, with addition of provisional language specifying dollars and use of funds.	BBL, per attached #4		Issue heard by committee on March 14, 2005
---------------	----------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------	----------------------	--	--------------------------------------------

I. HIGHER EDUCATION - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6610-001-0001	<i>January Budget:</i> Backfill of Unallocated Reduction	Governor's Budget calls for a \$7 million unallocated reduction to CSU's operational budget.	Approve \$7.0 million augmentation to backfill proposed reduction (with BBL) .	BBL, per attached #5	7,000	Reduction to CSU was "unallocated", and while CSU chose to reduce programs other than academic preparation, staff believes that any augmentation to UC to backfill its reduction should also be applied to the CSU.
6610-001-0001 California State University	<i>January Budget:</i> General Support Increase of 3 percent	Governor's "compact" with higher education provides for a General Fund increase equivalent to 3 percent (\$71.662 million).	Amend Governor's original proposal by reducing amount appropriated by \$81,750. Total appropriated amount: \$71.574 million.	No	-081	DOF included the appropriation for the Center for California Studies in its calculation of the 3 percent General Fund increase. This action will remove the Center's budget from that calculation.

I. HIGHER EDUCATION - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6610-001-0001	New Issue: Reversion of unspent current-year enrollment growth funding	Current Budget Act specifies that if CSU does not meet specified student enrollment target of 324,120 FTES that funds unused for enrollment growth will revert to the General Fund.	Add new reversion item (6610-495) and specify that \$15,519,542 will revert to the General Fund as of June 30, 2005.	BBL, per attached #6	-15,520	CSU recently reported its current year FTES enrollments, which fell short of the targeted level specified in the current year budget bill; this reduction is due primarily to a decline in teacher credentialing students. Provisional language adopted in the current year specifies that funds allocated for enrollment growth would revert to the General Fund if enrollments failed to meet the specified level. DOF did not include the reversion of the unspent dollars as part of its May Revision.
6440-001-0001 University of California 6610-001-0001 California State University	May Revision Finance Letter: Add \$1 million in funding for Math and Science Initiative (Issue 003)	May Revision adds \$1 million (\$750,000 UC; \$250,000 CSU) to improve the supply and quantity of math and science teachers in CA. At UC, funds are proposed to be spent to develop six Resource Centers aimed at providing students with advising and placement services, monitoring student progress, and assessing the efficacy of the program. CSU dollars will be used to work with UC and develop a four-year "blended credential" for math and science majors.	No Recommendation	BBL, per Finance Letter		Staff notes that the need for this program is unclear, especially given that UC and CSU should already be taking steps to increase the number of teacher credentialing candidates, especially in high need areas such as math and science. Further, LAO notes concerns with out-year costs and overall cost-effectiveness of initiative.

I. HIGHER EDUCATION - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6440-001-0001 University of California 6610-001-0001 California State University	<i>January Budget:</i> Adopt Supplemental Reporting Language related to Institutional-based financial aid	Pursuant to discussions earlier in the committee process, staff recommends that the committee adopt Supplemental Reporting Language related to institutional financial aid. Language is aimed at developing a process whereby the Segments, LAO, and the Legislature would share information related to campus-based financial aid, including data on how aid is "packaged" for students.	Approve Supplemental Reporting Language (as attached)	SRL, per attached #8		Language seeks to remedy a long-standing conflict between the Segments and the LAO regarding LAO's access to campus-based financial aid information, including an assessment of whether 33% or 20% is the correct amount of fee revenue to "set-aside" for campus-based financial aid.
7980-001-0784	<i>May Revision Finance Letter:</i> Enhancement of Cal Grant Delivery System (Issue 002)	May Revision appropriates \$1.6 million from the Student Loan Operating Fund for an information technology contract and two positions aimed at providing "real-time" communication with schools regarding Cal Grants.	Deny May Revision. Ask DOF and Student Aid to resubmit proposal in January. Work with LAO to determine if new system will contain "highest priority" enhancements such as GPA verification and identification of aggregate levels of financial need.			Staff is unclear why this is a May Revision proposal and believes issue should be dealt with in January. Unclear if the components of the enhanced delivery system are the best use of our resources. Unclear if there are other "enhancements" that would better serve both students and the state.

I. HIGHER EDUCATION - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
7980-101-0001 California Student Aid Commission	<i>May Revision Finance Letter:</i> Establishment of New SMART-APLE program (008)	May Revision seeks to establish a new loan forgiveness program specifically aimed at students becoming math and science teachers. Proposal does not appropriate any funding for loan assumption warrants, but Budget Bill language would provide Student Aid Commission with ability to authorize up to 350 loan assumption warrants for the new SMART-APLE program.	Deny May Revision request; instead authorize the issuance of up to 500 additional warrants for the existing APLE program.	BBL specifying number of APLE warrants authorized		Staff unclear why existing APLE program could not be used (or expanded) to meet the Administration's needs. Development of new program (with almost identical requirements to existing APLE program) will only create confusion for students and administrators. Further, establishment of new loan forgiveness program is a policy issue and should be contained in separate legislation.
7980-101-0001 California Student Aid Commission	<i>May Revision Finance Letter:</i> Reduces amount of funding needed to implement the National Guard APLE program (Issue 006)	Reduces, by \$200,000, the amount of funding needed to implement the National Guard APLE program.	Deny Governor's January proposal in its entirety.	BBL -- Delete Provision (1)(b)		Deny Gov's proposal, including all monetary support and authority to issue loan assumption warrants.
7980-001-0784	<i>April Revision Finance Letter:</i> Provide staff support to implement the National Guard APLE program (Issue 001)	Provides \$65,000 and one limited-term (two-year) position to administer the National Guard APLE program	Deny Governor's May Revision Proposal.	No		Conforming to above issue.

I. HIGHER EDUCATION - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6440-006-0001 (new item) Membership in Western Interstate Commission on Higher Education	<i>New Issue:</i> Western Interstate Commission on Higher Education. Back Dues	California, which is one of 15 member states in WICHE, has not paid its dues since 2003 and is two years in arrears and will owe another year of payment July 2005. To become "current" on our dues, California would owe \$367,000 (\$51,000 from 2003; \$103,000 from 2004; \$105,000 for 2005 and \$108,000 for 2006)	Approve augmentation of \$108,000 to pay dues for coming year.	BBL stating that dollars will be used to pay California's back-dues to WICHE. UC will act as fiscal agent, (per attached #9)		California is \$259,000 in arrears due to prior year nonpayments. If dues are not paid by June 2007, WICHE will completely terminate its services to CA. Until then, WICHE will reduce its services to CA unless back dues are paid. Other interstate associations are also due past payments, the payment of which has traditionally been a low priority for the state in bad budget times.

II. Department of Education / Secretary for Education

A. Enrollment Growth

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
Various Items	May Revision Finance Letter: Adjustments for Enrollment Growth Funding for K-12 Education Programs (Various Issues) (GF-Local Assistance)	Provides \$83.8 million for student enrollment growth for revenue limit and categorical programs. This amount reflects a decrease in total K-12 growth of \$311.0 million as a result of less than anticipated growth in average daily attendance at a rate of 0.69 percent which is down from 0.79 percent for most programs estimated in January. Total average daily attendance (ADA) is estimated to be 6,031,000 in 2005-06.	Approve May Revision.		

B. Cost-of-Living Increases (COLAs)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
Various Items	May Revision Finance Letter: Cost-of-Living Adjustments for K-12 Education Programs (Various Issues) (GF-Local Assistance)	The May Revision provides \$1.8 billion in total funding K-12 Cost-of-Living-Adjustment (COLA) for revenue limit and categorical programs. This amount reflects an increase of \$113.1 million over the Governor's January Budget as a result of an increase in the COLA rate from 3.93 percent to 4.23 percent.	Approve May Revision		
6110-232-0001	May Revision Finance Letter: High School Class Size Cost-of-Living Adjustment (Issue 903) (GF -- Local Assistance)	Makes technical changes to implement a 4.23 percent COLA, but does not provide additional funding due to low program participation.	Approve May Revision		
611-107-0001	May Revision Finance Letter: Cost-of-Living Adjustments for FCMAT (Issue 100 & 101) (GF - Local Assistance)	<u>Technical Only</u> . Revises provisional language to reflect increased funding for total growth and cost-of-living adjustments.	Approve May Revision		

C. Deferred Maintenance

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-188-0001	May Revision Finance Letter: Fully Fund State School Deferred Maintenance Program (Issue 603) (GF -- Local Assistance)	Provides a \$522,000 increase to compensate for growth and COLA adjustments for the State's share of the State School Deferred Maintenance Program. This program does not receive traditional growth and COLA adjustments, so this increase is sought as a way of fully funding the State program. This adjustment brings total funding for the program to \$268 million in 2005-06.	Approve May Revision		

D. Governor's New or Expanded Programs - One-Time Funds

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-234-0001, 6110-636-0001	May Revision Finance Letter: One-Time Settle-Up and Ongoing Funds for Expansion of Class Size Reduction Beyond Grade K-3 (Issue 001) (GF - Local Assistance)	Increases funding by \$175.4 million in order to reduce class sizes beyond grades 3 through 3. New funds include \$123.0 million in ongoing Proposition 98 funding and \$52.4 million in settle-up funds. Funds would be available for schools in deciles 1, 2, and 3, based on the 2004 Academic Performance Index scores. It is intended that some of the settle-up funding will be available to address facilities needs for participating schools. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other purposes.	TB	\$52,361 (one-time) \$123,009 (ongoing)

D. Governor's New or Expanded Programs - One-Time Funds (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-637-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Teacher Credentialing Block Grant Expansion (Issue 001) (GF - Local Assistance)	It is requested that \$30.0 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to expand the Beginning Teacher Support and Assistance Program (BTSA), to provide additional services for teachers beyond the first and second years of teaching. BTSA, is now contained in the new Teacher Credentialing Block Grant established by AB 825. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$30,000

D. Governor's New or Expanded Programs - One-Time Funds (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-638-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Career-Technical Education Exploration Courses (Issue 801) (GF - Local Assistance)	It is requested that \$30.0 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to establish a pilot program for career exploration coursework in the 7 th and 8 th grades. This program would allocate grant funding to schools operating 7 th and 8 th grades for the purpose of introducing students to a variety of careers and professions. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$30,000

D. Governor's New or Expanded Programs - One-Time Funds (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-639-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Fruits and Vegetables for Breakfast (Issue 001) (GF - Local Assistance)	It is requested that \$18.2 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, of which \$17.2 million is available to provide 10 cents per pupil per day to the existing school breakfast program to allow additional fruits and vegetables to be served in the program. In addition, \$1.0 million is set aside to provide breakfast start-up grants for schools that currently do not have breakfast programs. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$18,200

D. Governor's New or Expanded Programs - One-Time Funds (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-640-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Recruitment, Retention and Recognition Pay Block Grant (Issue 001) (GF - Local Assistance)	It is requested \$49.5 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, for a block grant to allow schools to provide teachers and principals with recognition pay in order to attract and retain them in schools performing within the bottom three deciles, based on 2004 API results. Funds from this item would also be used to provide funding for the purpose of recruiting teachers in hard to staff schools. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$49,500

D. Governor's New or Expanded Programs - One-Time Funds (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-641-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Performance-Enhancing Substances Awareness Training for Coaches (Issue 001) (GF - Local Assistance)	It is requested that \$500,000 be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to provide training for coaches. The training will raise coaches' awareness and address the use of performance-enhancing substances by student athletes. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$500
6110-700-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Smaller Learning Environment Grant Program (Issue 184) (GF - Local Assistance)	It is requested that \$1.6 million be appropriated, on a one time basis from Proposition 98 prior year settle-up funds, for the new Smaller Learning Environment Grant Program pending legislation to be enacted before January 1, 2006. This program is intended to provide incentives for districts to create smaller learning environments, or schools-within-schools. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$1,600

D. Governor's New or Expanded Programs - One-Time Funds (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-701-0001	May Revision Finance Letter: One-Time Settle-Up Funds for Supplemental Instruction -- High School Exit Exam (Issue 350) (GF - Local Assistance)	It is requested that \$57.5 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, in order to provide additional supplemental instruction to pupils who have failed or are at risk of failing the High School Exit Exam. It is intended that these funds supplement and do not supplant the existing Supplemental Instruction Program funds. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$57,500

6110-791-001	May Revision Finance Letter: One-Time Settle-Up Funds for Physical Fitness Testing and Reporting for 3rd Graders (Issue 001) (GF - Local Assistance)	It is requested that \$2.2 million be appropriated, on a one-time basis from Proposition 98 prior year settle-up funds, to provide funding for expanded physical fitness testing for third graders and to notify parents or guardians of pupil physical fitness testing results for grades three, five, seven, and nine. The Administration proposes to evaluate program implementation to determine ongoing funding in subsequent budgets. Funding is contingent on the enactment of legislation.	Deny May Revision proposal. Redirect savings to other one-time purposes.	TB	\$2,150
--------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------	----	---------

E. Accountability

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-136-0890	May Revision Finance Letter: Increase Title I School Improvement Funds and Reallocate for Assistance to II/USP Schools (Issues 164 and 182) (Federal Funds -- Local Assistance)	Increases federal Title I School Improvement Program funds by \$2.2 million to make it consistent with available federal funds. Reallocates funds via provisional language to accommodate a projected increase in the number of II/USP state-monitored Title I schools.	Approve May Revision		
6110-135-0890	May Revision Finance Letter: Consolidate Carryover Funds for NCLB Programs and Allocate for Program Improvement Schools/Districts (Issue 186) (Federal Funds -- Local Assistance)	Provides \$154.5 million in federal NCLB Act carryover funds to assist schools and districts who have been identified as Program Improvement to provide activities and services that will bring students in these schools and districts --specifically those identified as Limited English Proficient, migrant, low-performing, or low income -- to a proficient level. Funds appropriated in this item include: \$73 m--Title IV - 21st Century Community Learning Centers; \$24.3 m -- Title I- Basic Program; \$19.2 m -- Migrant Education; \$17.3 m --Title I School Improvement; \$13.9 m -- Comprehensive School Reform Program; \$6.5 m -- Reading First Program; and \$.5 m -- Education of Limited English Pupils Program. Budget bill language requires an expenditure plan developed by CDE, SBE, Legislature, Administration, and approved by the federal government.	Approve pursuant to Legislation. Remove 21st Century Learning Center funding from the proposal.	BBL	

E. Accountability (continued)

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-001-0890	May Revision Finance Letter: Increased Staff for District Accountability and Program Improvement (Issue 170) (Federal Funds - State Operations)	Increases funding by \$500,000 in federal Title I School Improvement funds for increased workload due to the revised district accountability program and the number of additional schools identified as Program Improvement pursuant to the federal No Child Left Behind Act. These funds will support five new positions for SDE's School Improvement Division and one new position for the State Board of Education.	Approve May Revision		
6110-123-0001	May Revision Finance Letter: Increased Funding for High Priority Schools Grant Program (Issue 183) (General Fund - Local Assistance)	Provides up to \$60 million for a second cohort of schools to participate in the High Priority Schools Grant Program, contingent upon legislation being enacted authorizing that cohort and clarifying exit criteria. This reflects an increase of \$15 million from the Governor's January budget. In addition, the May Revision provides approximately \$10 million for schools sanctioned pursuant to the High Priority Schools Grant Program contingent on legislation defining those sanctions and authorizing the allocation of funding for that purpose.	Approve May Revision		

F. Assessment

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-001-0890	May Revision Finance Letter: Independent Study of the State's Assessments (Issue 166) (Federal Funds - State Operations)	Provides an increase of \$2.0 million in Title I carryover funds for the State Board of Education to contract for an independent evaluation to determine whether California has met the assessment requirements of the federal No Child Left Behind Act. This evaluation is required to comply with federal student monitoring requirements. The expenditure of these funds shall be contingent on approval of an expenditure plan and request for proposal by the Department of Finance.	Approve May Revision.		
6110-113-0890,	May Revision Finance Letter: Decreased Funds for Adequate Yearly Progress Reporting (Issue 180) (Federal Funds - Local Assistance)	Decreases funding by \$650,000 in federal Title VI funds that were originally included for reporting Adequate Yearly Progress pursuant to the No Child Left Behind Act. These funds are currently used to conduct an alignment study for the California High School Exit Exam, and the SDE has indicated these funds will not be necessary in the budget year for this purpose.	Approve May Revision		

F. Assessment - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-001-0001, 6110-001-0890, 6110-113-0890	May Revision Finance Letter: Funding for California English Language Development Test (Issue 188) (Federal Funds - State Operations)	Provides \$1.4 million in federal Title III funds for the development of reading and writing assessments for English language learners in Kindergarten and Grade 1 to comply with the federal No Child Left Behind (NCLB) Act, which requires assessments of English proficiency to include an assessment of progress in attaining English reading and writing skills.	Approve May Revision. Require development pursuant to Legislation.	BBL	

6110-001-0890	<p>May Revision Finance Letter: Funding for Alternate Assessment for Moderately Disabled Students (Issue 181) (Federal Funds - State Operations)</p>	<p>Provides an increase of \$100,000 in federal Title VI funds for one consultant position to support new workload for the Standardized Testing and Reporting Program (STAR) generated by new flexibility provisions from the U.S. Department of Education. This flexibility is expected to allow states to develop an alternate assessment for students who have been unable to reach grade level because of disabilities such as moderate mental retardation or severe emotional disturbance. This assessment would be an alternative to the current California Alternate Performance Assessment for students with significant cognitive disabilities.</p>	<p>Approve May Revision</p>		
---------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------	--	--

G. Data Systems

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-001-0001, 6110-001-0890, and 6110-195-0890	May Revision Finance Letter: Fund Study of the Development of a Teacher Database (Issue 676) (Federal Funds - State Operations)	Shift \$350,000 in federal funding authorized by Title II - Improving Teacher Quality from local assistance to state operations to contract for a Feasibility Study Report for the development of a teacher database that connects existing departments and agencies that already collect data elements on teachers to allow for the efficient exchange of information. In developing the associated request for proposals and selecting the vendor, the department shall convene a working group that includes the Department of Finance, the Legislative Analyst's Office, and other interested parties. The study shall be submitted to the Governor and Legislature by March 31, 2006.	Approve May Revision.	BBL	
6110-101-0349	May Revision Finance Letter: Increased Funding for California School Information Services Program (CSIS) (Issue 656) (Special Fund - Local Assistance)	Provides an additional \$1.0 million for the first year costs of a new cohort of CSIS districts to facilitate reporting of student information from local education agencies to the State Department of Education. Funds may be combined with any funding remaining from the funds appropriated for the second year costs of the existing cohort.	Approve May Revision		

G. Data Systems - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-001-0890	May Revision Finance Letter: Increased Funding for California Longitudinal Pupil Achievement Data System (Issue 658) (Federal Funds - State Operations)	Provides an increase of \$156,000 in federal funds to support state operations related to the development of a longitudinal database for the requirements of the No Child Left Behind Act. This brings total funding for CALPADS to \$844,000, including \$366,122 in funds for the development of a Request for Proposal, contingent upon approval of a Feasibility Study Report by the Department of Finance.	Approve May Revision		

H. Governor's Proposed Program Reductions

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-130-0001	May Revision Finance Letter: Restore Funding for Advancement Via Individual Determination (AVID) (Issue 677) (General Fund - Local Assistance)	Increases Non-98, General Funds by \$840,000 to provide funds for advanced placement teacher training, tutoring services, district grants, and the AVID center training and technical assistance to prepare students for college. This restores funding to the current-year level.	Approve May Revision		
4440-102-0001	Governor's January Budget: Reduce Funding for Early Mental Health Initiative (EMHI) (General Fund - Local Assistance)	The EMHI program provides three-year grants to schools to serve children in grades K-3 who are experiencing mild to moderate adjustment problems, but not eligible for special education services. EMHI is administered by the Dept of Mental Health Governor's Budget: The Governor proposes to reduce funding for EMHI by \$5 million in 2005-06. The Governor proposes to continue the second year of funding, but not to fund any new grants. The 2004-05 budget provided \$5m in ongoing funding and \$5 million in one-time funding. Prior to 2003-04, EMHI funding totaled \$15 million.	Deny Governor's Budget. Restore \$5 million for EMHI.		\$5,000

H. Governor's Proposed Program Reductions - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-117-0001	Governor's January Budget: Reduce Funding for Vocational Education Student Organizations (General Fund - Local Assistance)	Reduces funding for Vocational Education Student Organizations by \$48,000 in General Funds (non-98) leaving a total of \$464,000 for the program. The 2004-05 budget reduced funding in this item for student councils by \$50,000. The Governor's Budget maintains \$33,000 for the California Association of Student Councils in 2005-06. Student organizations, including student councils, receive state support from funds available from the Vocational Education Student Organizations program and from another budget item that provides direct funding to the California State Association of Student Councils.	Approve Governor's Budget. Restore \$50,000 for California Association of Student Councils.		\$50

6110-177-0001	Restore Funding for Local Arts Education Partnerships (General Fund - Local Assistance)	Restore \$6 million in one-time funding for Local Arts Education Partnerships grants. The Governor vetoed these funds in 2004-05, thereby eliminating all funding for the program. The Governor does propose to restore these funds. This program provides competitive grants to LEAs to start comprehensive visual and performing arts education programs.	Restore \$6 million for Local Arts Education Partnerships grants.		\$6,000
---------------	---------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------	--	---------

H. Governor's Proposed Program Reductions - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-200-0001	Governor's January Budget: Eliminate Healthy Start Program (General Fund - Local Assistance)	Eliminates \$2.0 million in remaining funds for the Healthy Start program. The 2004-05 budget provided \$2 million in <i>one-time</i> funding to support eight operational grants and four planning grants in school districts statewide.	Deny Governor's Budget. Restore \$2 million		\$2,000

I. Charter Schools Block Grant

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-211-0001	Governor's January Budget: Charter Schools Categorical Block Grant Program (General Fund - Local Assistance)	Reforms Charter Schools Categorical Block Grant to clarify and simplify the block grant calculations in 2005-06 and beyond. The Governor's reforms "delink" block grant funding from a specific set of categorical programs, by creating a new funding base that would be adjusted for growth and COLA annually. The LAO recommends different reforms, building upon outcomes from a legislatively required working group they convened to study alternatives to the current funding model. The LAO proposal would link funding to a specific list of categorical programs included in the block grant, create a process for updating this list annually through the budget, and strengthen funding for economically disadvantaged students.	Deny Governor's Budget. Adopt Second LAO Alternative.		

J. New or Expanded Programs -- Proposition 98 Reversion Appropriations

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-113-0001	May Revision Finance Letter: Start-up Funding for CELDT Contract (Issue 001)	Provides \$2.2 million on a one-time basis to the State Department of Education to cover start-up costs associated with the new California English Language Development Test contract.	Approve May Revision		
6110-102-0001	May Revision Finance Letter: Restore Funding for Charter Schools Facility Grant Program (Issue 002)	Provides \$9 million on a one-time basis for the Charter School Facility Grant Program, restoring funds the Governor originally proposed to eliminate in January. Funds shall be used to provide grants to charter schools that operate in low-income attendance areas for facilities-related expenses pursuant to Chapter 892, Statutes of 2001. These funds shall only be available if new matching federal grant funds are appropriated to the California School Finance Authority and are made available to fund facility costs incurred by charter schools in the 2004-5 and 2005-6 fiscal years as proposed in the May Revision in Item 0985-101-0890.	Approve May Revision	BBL	

J. New or Expanded Programs -- Proposition 98 Reversion Appropriations - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-485	May Revision Finance Letter: Funding for New Accountability Pilot Program (Issue 167 & 090) (General Fund - Local Assistance & State Operations)	Provides \$5.6 million to the State Department of Education, on a one-time basis, for the California Local Education Accountability Reform (CLEAR) Program. The program would be a voluntary pilot project providing flexibility for participating districts to plan and implement program to increase pupil academic decision-making and accountability to the school site level. The State Board of Education would implement the program and approve local plans. Funding would be allocated pursuant to conforming legislation. Provides \$1.2 to the State Board of Education for three limited-term positions to implement and oversee the CLEAR Program. This amount includes \$882,000 to contract for technical assistance and staff development services for the participating districts.	Approve \$5.6 million for a pilot project allowing school districts to direct funds to schools with greater flexibility to improve pupil learning.	TB	
6110-655- 0001	Governor's January Budget: Funding for Standardized Testing & Reporting Program Deficiency	Provides \$2,285,000 to cover a deficiency in the Standardized Testing and Reporting (STAR) program.	Approve as Budgeted		

J. New or Expanded Programs -- Proposition 98 Reversion Appropriations - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-203-0001	Governor's January Budget: Funding for Child Nutrition Deficiency Requests	Provides \$349, 000 for deficiencies in the Child Nutrition program in 1999-00, 2000-01 and 2003-04.	Approve as Budgeted		
6110-605-0001	Governor's January Budget: Funding for School Business Officer Training	Proposes \$1.0 million for a new, three-year program to train all school business officers in the state. The program is intended to train 350 school district business officers a year and would provide approximately \$3,000 per participant. Funding priority would be given to business officers from districts currently operating with a state-appointed administrator or trustee, or from districts that have received a qualified or negative certification on the state financial status list within the last 5 years.	Approve as Budgeted		TB

K. Governor's Initiative to Turn Around Low Performing Schools

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
6110-112-0890	May Revision Finance Letter: Increase Federal Charter School Carryover Funds (Issue 082) (Federal Funds - Local Assistance)	Increases the federal Charter School funds by \$5.8 million to reflect one-time carryover funds available for grants to charter schools. The carryover funds are available due to the return of unexpended grant funds by charter school grantees. These funds are for one-time start-up costs associated with opening a new school, or costs related to sharing best practices. CDE will reallocate the funds in 2005-06 to support the conversion of failing schools to charter schools.	Approve May Revision		
6110-001-0890	May Revision Finance Letter: Increase Federal Charter School Carryover Funds (Issue 082) (Federal Funds-Local Assistance)	Provides an increase of \$200,000 in one-time carryover funds for one consultant position in the Charter Schools Division and additional operations funding to support increased workload associated with the conversion of failing schools to charter schools. It is intended that the Department of Education will fund this position with oversight fees collected from newly converted charter schools in future years.	Approve May Revision		

L. Office of the Secretary for Education

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
0558-001-000, 0650-011-0001	April Finance Letter: Foundation Funding for Two Support Positions (Issue 001)	Increases the reimbursement authority by \$135,000 on a one-time basis to expend grant funds received from the Broad, Gates and Walton Family Foundations. These funds will be used to continue funding for two positions related to implementation of the Governor's Initiative to Turnaround Failing Schools. This request is for the second and final year of funding for these positions. Current year funding is being requested through a Section 28 letter.	Approve April Letter		
0558-001-0001, 0650-011-0001	April Finance Letter: Technical Ajustment for Employee Compensation (Issue 002)	Technical Only. Shifts \$29,000 between two budget items for OSE to correctly align the allocation of employee compensation funds between the Office of the Secretary and the Office of Planning and Research.	Approve April Letter		

L. Office of the Secretary for Education - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)
0558-001-0001, 0650-011-0001	May Revision Finance Letter: Foundation Funding for Support of Governor's Advisory Committee on Education Excellence (Issue 003)	Increases the reimbursement authority by \$300,000 to expend grant funds received from private foundations to support the Governor's Advisory Committee on Educational Excellence. The Governor has convened this committee to focus on four issues: the distribution of adequacy funding; the functioning and effectiveness of governance structures; teacher recruitment and training; and preparation of retention of school administrators.	Approve May Revision		
0558-001-0001, 0650-011-0001	May Revision Finance Letter: Increased Funding for Secretary's Compensation (Issue 187)	Provides a General Fund increase of \$181,000 to cover the compensation costs for the Secretary of Education. The former Secretary was not compensated and existing compensation funds were redirected within the agency.	Approve May Revision		

III. CONSENT

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6440-001-0001 University of California	<i>January Budget:</i> Enrollment Growth Funding at 2.5 percent	Governor's "compact" with higher education provides enrollment growth funding (\$37.9 million) sufficient to fund an additional 5,000 FTES.	Approve January Proposal; adopt Budget Bill Language specifying number of students to be served. If specified number of students not served, dollars to revert to General Fund	BBL (per attached #1)		Provisional language similar to language adopted by committee last year (and contained in the current year Budget Act).
6440-001-0001	<i>January Budget:</i> General Support Increase of 3 percent	Governor's "compact" with higher education provides for a General Fund increase equivalent to 3 percent (\$76.1 million).	Approve January Budget Proposal	No		
6440-001-0001 University of California 6610-001-0001 California State University	<i>January Budget:</i> Adopt Supplemental Reporting Language related to the Marginal Cost of Instruction methodology	LAO, in its Analysis of the Budget Bill, calls for a reassessment of the current UC/CSU marginal cost of instruction methodology. Last review was in early 1990's. Recent concerns have arisen over ability of per student rate to cover "high cost" programs and the hiring of faculty at mid-range on the salary scale.	Approve Supplemental Reporting Language (as attached)	SRL, per attached #7		Language represents staff compromise
6610-001-6041 California State University	<i>May Revision Finance Letter:</i> General Obligation Bond Funds for Capital Renewal (Issue 004)	Provides \$26 million in GO bond funding to CSU for a variety of smaller "capital renewal" projects. Funds will be used to replace critical building infrastructure (such as HVAC systems) to extend the useful life of the buildings.	Approve May Revision	No		

III. CONSENT - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6610-001-0001 California State University	<i>January Budget:</i> Enrollment Growth Funding at 2.5 percent	Governor's "compact" with higher education provides enrollment growth funding (\$50.8 million) sufficient to fund an additional 8,000 FTES.	Approve January Proposal; adopt Budget Bill Language specifying number of students to be served. If enrollments do not meet specified number, unused dollars revert to General Fund	BBL (per attached #2)		Provisional language similar to language adopted by committee last year (and contained in the current year Budget Act).
6870-101-0001 California Community Colleges	<i>May Revision Finance Letter:</i> Board Financial Aid Program Adjustments (Issue 810)	Shifts, within the Budget Bill, the schedule from which funds are provided to community college districts to reimburse them for costs associated with providing Board of Governors (BOG) fee waivers; provides additional funds for program to account for new student fee and BOG waiver estimates.	Approve May Revision	BBL, per Finance Letter		Technical adjustment.
6870-101-0001	<i>May Revision Finance Letter:</i> Student Fee Revenue Adjustment (Issue 828)	Technical adjustment decreasing the amount of revenue derived from student fees by \$12.9 million and increasing the amount of revenue from the General Fund (P-98) by a like-amount.	Approve May Revision	No		Technical adjustment.
6870-101-0001	<i>May Revision Finance Letter:</i> Student Fee Revenue Adjustment (Issue 836)	Technical adjustment decreasing the amount of revenue derived from property taxes (\$54.3 million) and increasing the amount of revenue from the General Fund (P-98) by a like amount.	Approve May Revision	No		Technical adjustment.
6870-101-0001	<i>May Revision Finance Letter:</i> Increased COLA for Community Colleges (Issues 837 and 839)	Increase amount appropriated for COLA, by \$14.9 million, to reflect current rate of 4.23 percent.	Approve May Revision	BBL, per Finance Letter		Technical adjustment.

III. CONSENT - continued

Item	Issue	Description	Staff Recommendation	BBL/TB	Compare to May Revision (000's)	Comments
6870-101-0001	<i>May Revision Finance Letter:</i> Growth Adjustment for Community Colleges (Issues 838)	Decrease amount appropriated for select categorical program growth by \$359,000 to reflect revised statutory growth rate of 1.76 percent.	Approve May Revision	BBL, per Finance Letter		Technical adjustment.
6870-101-0001	<i>May Revision Finance Letter:</i> Lease-Revenue Bond Repayments (Issues 102)	Decrease, by \$1.5 million, the amount appropriated to pay debt service on lease-revenue bond funded projects.	Approve May Revision	No		Technical adjustment.
6870-101-0001	<i>May Revision Finance Letter:</i> Increase Federal Reimbursement Authority (Issue 812)	Increase, by \$4.5 million, community colleges reimbursement authority to reflect new one-time federal funds to expand and align technical preparation courses with K-12.	Approve May Revision	BBL, per Finance Letter		Authority to spend federal carryover funds
6870-101-0001	<i>May Revision Finance Letter:</i> Increase Reimbursement Authority for Energy Efficiency (Issue 829)	Increase, by \$123,000, community colleges reimbursement authority to participate in an Energy Resources Conservation pilot project.	Approve May Revision	BBL, per Finance Letter		Authority to spend funds from energy conservation pilot program
6870-495	<i>May Revision Finance Letter:</i> Add Reversion Item (Issue 847)	Add reversion item to revert funds, totaling \$450,000, from prior-year appropriations for Hazardous Substance Abatement and other appropriations.	Approve May Revision	New Item, per Finance Letter		Revert unspent funds to General Fund.